

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CERTIFICATE: By direction of the Secretary of Agriculture the matter contained herein is published as statistical information and is required for the proper transaction of the public business. Free distribution is limited to copies "necessary in the transaction of public business required by law." Subscription price 25 cents per year, single copy, 5 cents payable in cash or money order to the Superintendent of Documents, Government Printing Office, Washington, D. C.

Washington, D. C.

FEBRUARY 1, 1933

Volume 17, No. 2

LOOKING AHEAD

The immediate prospect for agriculture is clouded by the low buying power within our domestic market, and by a host of trade restrictions as well as the general depression in foreign markets. The acute price situation with agricultural products at an enormous disparity, the burden of mortgage debt, and of other relatively high costs and charges, all weigh heavily upon the farm business as it plans its 1933 operations.

With respect to the great cash crops, the wheat outlook in the United States, apart from the world situation of large acreage and supplies, is influenced on the one hand by the large prospective carry-over, and on the other by the very poor condition of winter wheat now growing. Much depends upon the acreage of spring wheat to be sown.

Cotton textile stocks in the United States at the end of 1932 were much lower than at the end of any of the preceding five years. Cotton is less hampered by trade restrictions in foreign markets than are our foodstuff exports. During the four months, August to November, 1932, the world used 11 per cent more American cotton than in the like period of the previous year. On the other hand, the world's supply of American cotton for 1932-33 (estimated at 25,700,000 bales) is only slightly below the record supply of the preceding season.

With respect to livestock, the supply of meat animals on farms, in terms of total live weight, has been increasing gradually for five years. It is now about 10 per cent larger than five years ago. Last year the increase was due to larger numbers of cattle which more than offset a decrease in sheep, hog numbers being little changed.

Little increase in the coming spring pig crop is indicated. It is expected that the inspected slaughter of hogs will be smaller during the first four months of 1933 than was true a year ago. There is some possibility of a strengthening foreign market for pork.

The number of cows in the country, beef and dairy combined, is now the largest ever known. There are slightly more beef cattle on feed now than a year ago. Total milk production has not changed materially in two years.

The longer-time outlook for agriculture is conditioned largely upon what happens to the general level of commodity prices. If commodity prices rise, agriculture will be one of the first industries to benefit. If prices stabilize at or below present levels, the farm situation can improve only as the readjustments are hastened which will bring wages, charges, taxes, and costs of all kinds into line with the lower price level which prevails.

In this issue are contained extracts from this bureau's annual "outlook report," the full text of which may be obtained upon request.

THE SITUATION THIS YEAR FOR CERTAIN IMPORTANT PRODUCTS

COTTON

The December estimate of the domestic cotton crop was much larger than estimates made earlier in the season. The estimated world supply of American cotton for 1932-33 is only slightly less than the record supply of the previous season and is more than twice the world consumption of American cotton during 1931-32. Reports on foreign production prospects received up to mid-January indicate that 1932-33 production outside the United States will be about 900,000 bales larger than in 1931-32, the smallest, with the exception of last season, since 1927-28. The total supply of foreign cotton in 1932-33 will apparently be about the same as the preceding year, due to the decrease in the carry-over of these cottons.

Domestic mill consumption from September to December, 1932, was materially above the like periods of 1931 and 1930, and averaged about 75 per cent above the low point of July, 1932. Despite the high rate of production, textile stocks at the end of 1932 were much lower than at the end of any of the previous five years. The textile situation in Europe also improved during the fall and early winter, and in Japan activity continued at high levels with record amounts of American cotton being used. The estimated world consumption of American cotton during the first four months of the season was 11 per cent above the corresponding period of 1931-32 and 26 per cent above August to December, 1930-31.

Prices of American cotton during 1932-33 remained fairly stable from mid-October to late January, and while substantially below the level reached in late August, they were at the end of January about a cent and a quarter above the low point of June, 1932, and about the same as a year earlier. Prices of Indian relative to American cotton were still very favorable to the use of American cotton. The small supply of Indian and the almost record supply of American indicate that this situation is likely to continue during the remainder of 1932-33. During the first five months of the season exports of of American cotton were higher than in either of the two previous years, and exports of Indian cotton were very small.

Supplies of American upland cotton in the United States having a staple length of fifteen-sixteenths inch and longer have become relatively more burdensome than has the total supply of American cotton, and as a result the decline in prices during 1931-32 was greater for the longer than for the shorter staple cotton. Judging from the quality of the cotton ginned up to December 1, 1932, the supply of American upland cotton of $1\frac{1}{2}$ inches and longer for 1932-33 will be considerably larger than in 1931-32 and fully three times as large as disappearance last season. The supply of fifteen-sixteenths inch and longer will be twice the 1931-32 disappearance. The 1932-33 domestic supply of cotton shorter than fifteen-sixteenths inch in staple, on the other hand, will be somewhat less than last season but somewhat above disappearance in 1931-32. Domestic growing conditions in 1931 and 1932 resulted in crops of unusually long staple. Demand for the longer staples was particularly depressed, whereas the small Indian and Chinese crops and the emphasis upon low-priced goods generally resulted in a relatively strong demand for short staples.

SWEETPOTATOES

As is usual when the price of cotton is low, the acreage planted to sweetpotatoes was greatly increased both in 1931 and 1932, the estimated 926,000 acres grown in 1932 being nearly 43 per cent above the acreage harvested two years ago.

There may be some local areas where the very low price received for the 1932 crop will cause a material reduction in the acreage planted to sweetpotatoes in 1933, with a corresponding improvement in the outlook for local producers who take advantage of the opportunity. In most parts of the South, however, little or no reduction in acreage is to be expected because only a small part of the total acreage is grown for sale and prices of alternative crops are also low. The majority of southern farmers are still faced with the need to produce on their own farms a large share of the food required by their families. In most cases this means the planting of an acreage of sweetpotatoes large enough to supply family requirements.

TOBACCO

Consumption of tobacco products continues to decline, both at home and abroad, and increasing numbers of consumers have been turning to the use of cheaper forms of consumption. Also, in several foreign countries there have been further substitutions of domestic and colonial-grown tobacco for American leaf.

Production in 1932 was reduced greatly from the level of 1931 but stocks of old tobacco increased, so that total supplies at the beginning of the 1932-33 season showed only moderate declines from those of a year earlier. Some reductions in stocks may be anticipated for the 1933-34 season, particularly in the case of flue cured and Virginia fire cured, but it is not expected that the stocks of Burley or of the important cigar types will be reduced much if any below those of 1932-33.

Production of all types of tobacco in 1932 was 1,033,330,000 pounds, compared with 1,604,226,000 pounds in 1931, a decline of 36 per cent. The cigarette tobaccos declined 37 per cent, from 1,148,731,000 to 728,951,000 pounds, the decline in flue-cured production alone accounting for about three-fourths of this decline. The dark fire-cured types declined 33 per cent, from 190,765,000 to 127,679,000 pounds; the dark air-cured types declined 45 per cent, from 75,867,000 to 41,960,000 pounds; and all cigar types declined 28 per cent, from 187,198,000 to 134,043,000 pounds.

Any analysis of the long-time outlook for the different types of tobacco should take into account the probability that several years may elapse before total per capita consumption is materially increased and that some of the recent shifts in consuming habits may persist even when buying power improves. The trend of tobacco consumption was upward for many years. On a per capita basis consumption in the United States rose from about 4.5 pounds in 1880 to about 6.6 pounds in 1929. As a rule, however, periods of depression have witnessed declines in consumption. Present information indicates that in 1932 per capita consumption dropped to about 5.5 pounds, the lowest since 1902, which contrasts with 6.6 pounds in 1929.

When depressions have been of unusual severity a relatively long time has been required for consumption to regain the lost ground. Thus, for nine years following the panic of 1893 per capita consumption was lower than for 1892. This points to the conclusion that

several years may elapse before the rate of consumption again approaches the levels attained before the depression.

POTATOES

Planting intentions of potato growers on January 1, as reported to the United States Department of Agriculture, indicate about a 4 per cent reduction in total potato acreage in 1933 as compared with the harvested acreage of 1932.

The acreage harvested in 1932 was approximately 3,368,000 acres, or 7,000 less than that harvested in 1931. The decrease of 53,000 acres in the 11 early States was offset by the increase of 72,000 acres in the five Central surplus late States. In the rest of the country the 1932 acreage was a little smaller than the 1931 acreage. In 1932 yields per acre averaged only 106 bushels compared with 111 bushels in 1931, 110 bushels in both 1929 and 1930, the high yield of 123 bushels in 1928 and a 5-year average (1927-1931) of 114 bushels. The production in 1932 amounted to 357,000,000 bushels compared with 375,000,000 bushels produced in 1931, and about equal to the average for the 5-year period (1927-1931). The chief reduction in 1932 was in the 11 early States and in the Northeast.

Prices received by commercial growers in Maine and New York averaged higher in December, 1932, than in December, 1931. In Michigan and Wisconsin prices were lower, and in Idaho were less than half those of 1931.

Car-lot shipments from the 18 late States through January 21, 1933, amounted to about 66,000 cars compared with 89,000 cars through the corresponding period in 1931, a reduction of approximately 26 per cent. Of the 1931 crop produced in the 30 late States, 37 per cent, or 110,000,000 bushels was available for marketing after January 1, 1932.

The January 1, 1933, merchantable stocks from the 1932 crop can be expected to be approximately as large as those of January 1, 1932. During the past 10 years whenever January 1 stocks amounted to 100,000,000 bushels or more, shipments of old potatoes after January 1 have ranged from 93,000 to 98,000 carloads. Such a large supply of old potatoes is an important factor in determining the trend of the late crop potato price from January through June, and will compete with the new crop marketings throughout the spring and early summer of 1933.

In the intermediate and late crop States producers face continued competition from potatoes grown locally and by the unemployed. The producers in the late States are also increasing their production of earlier maturing varieties, which will further compete with production in the intermediate States.

HOGS

Slaughter of hogs under Federal inspection during the remainder of the present marketing year, which ends September 30, 1933, is expected to be somewhat smaller than in the corresponding period of 1932, with all the reduction occurring during the four months, January to April. The decrease in numbers will be offset in part by an increase in average weights.

Little increase in the 1933 spring pig crop in the United States is indicated. A substantial reduction in European hog production

seems probable. The domestic demand for hog products during 1933 probably will not be improved materially, but the foreign demand for these products may be strengthened somewhat.

The number of hogs on farms January 1, 1933, was probably but little different from that on January 1, 1932, although the combined pig crops of 1932 were smaller than in 1931. The number of pigs saved in the spring of 1932 was estimated at about 49,600,000 head, and in the fall at about 29,100,000 head, making a total of about 78,700,000. The number saved in the spring of 1931 was estimated at 53,300,000, in the fall at 27,900,000, and the total for the year at 81,200,000. The total number saved in the North Central (Corn Belt) States was estimated at 59,400,000 in 1932 and 63,200,000 in 1931.

The 1932 spring pig crop was smaller than the average spring crop for the five years, 1927 to 1931, but the 1932 fall pig crop was much above the average fall crop for those years. As a result of this distribution, the proportion of the 1932-33 crop year slaughter in the period October 1, 1932, to April 1, 1933, is expected to be smaller than usual.

Present indications are that the number of sows to farrow in the spring season of 1933 will not be much larger than in 1932, either for the whole country or for the Corn Belt States. The estimated number to farrow in the spring of 1933, based on breeding intentions shown by the December, 1932, pig survey, was about 2 per cent larger in each case. In other periods similar to the present, in which hog prices were low and corn prices were relatively lower than hog prices, thus resulting in high hog-corn price ratios, sharp increases in hog production have occurred. Hence, the breeding intentions reported seem low, especially in the Western Corn Belt States where the 1932 spring pig crop was short and where corn production is above average and corn prices are very low. On the other hand, hog prices for some months have been much lower than those ever before experienced by present-day hog producers, hence, the conditions that usually have controlled hog production in the past may not operate in the usual way in a situation such as now exists.

The downward trend in exports of United States hog products which has been under way for several years continued during the 1931-32 marketing year. Pork exports during the year were 30 per cent smaller than in 1930-31, but lard exports were only 1 per cent smaller. This reduction in exports was due mainly to larger slaughter supplies of hogs in foreign countries and the adoption of more stringent restrictions to international trade in the principal importing countries.

The foreign demand for United States pork during 1933 is expected to be somewhat stronger than that of a year earlier. Hog numbers in the principal foreign producing countries have been declining since the summer of 1931 and slaughter supplies in those countries during the current year probably will be considerably smaller than in 1932. By a system of voluntary agreements, imports of hams and bacon into Great Britain during December, 1932, and January, 1933, are being limited to a level 20 per cent under that of the corresponding period in 1931-32. The allotment to the United States for the period, however, permits a 12 per cent increase in exports of hams and bacon to Great Britain over those of a year earlier. Present indications are that permanent restrictions somewhat similar to those now in force will be adopted.

BEEF CATTLE

Cattle numbers in the United States increased in 1932, making the fifth consecutive yearly increase since the low point in numbers reached at the beginning of 1928. Total numbers now are nearly 14 per cent larger than in 1928 and almost as large as in early 1924. The expansion in numbers during the last two years has resulted largely from the holding back of cows, and the number of these, beef and dairy combined, is now the largest on record.

The estimated number of cattle on feed on January 1, 1933, was slightly larger than on that date a year earlier and increased feeding during all of 1933 seems probable. Slaughter supplies of both cattle and calves during 1933 are expected to be somewhat larger than those in 1932, but total slaughter is not likely to be sufficient to prevent numbers on farms from showing another increase at the beginning of 1934.

Cattle numbers increased again during 1932, and on January 1, 1933, were probably about 64,500,000 head, or about 2,000,000 more than a year earlier. Because of the small slaughter of cows and calves in 1932, it is probable that the increase was mostly in these classes, with little increase in steers. This brings the total of beef and dairy cows combined to the largest number on record, and the calf crop in 1933 will be the largest ever raised in this country.

Cattle numbers now are nearly as large as at the beginning of 1924, but there is a considerable difference in the distribution of the total by classes. The proportion of cows and calves is considerably larger and that of steers smaller than at the earlier date. Although cattle numbers have increased steadily since 1928, this increase has not yet been reflected in market supplies or in inspected slaughter. Slaughter of cattle under Federal inspection in 1932 was the smallest in the last five years and calf slaughter was the second smallest. It is probable, however, that farm and retail slaughter of cattle was somewhat larger, and that of calves considerably larger, than in 1931, hence total slaughter of all kinds may have been about the same in the two years.

The weak feeder demand which prevailed from early 1930 through the first half of 1932 was largely the result of unprofitable returns from cattle-feeding operations, the difficulties encountered by feeders in obtaining credit, and scarcity of feed in some areas. Because of the advance in the prices of fed cattle during the summer, returns from such cattle marketed during most of the summer and early fall of 1932 were relatively favorable for feeding. The 1932 corn crop was relatively large. Corn production in the western Corn Belt, where cattle are fed in largest numbers, was about 40 per cent larger than in 1931. The amount of credit available to cattle feeders was increased somewhat by the recently established regional agricultural credit corporations.

Present indications point to an increase in cattle feeding during 1933. The supply of cattle available for feeding is expected to be larger than in 1932 and there is an abundant supply of low-priced feed in all of the principal cattle-feeding areas.

SHEEP AND WOOL

A material reduction in lambs and sheep on feed and apparently some reduction in the total number of breeding sheep in the United States January 1, 1933, resulted from the reduced lamb crop and

heavy death losses of early 1932. The lamb crop is likely to be larger in 1933. The prospect of extensive forced liquidations in the sheep industry has now been reduced, at least for the time being. It appears unlikely that sheep numbers will increase in the United States in the next few years, but decreases are likely to be moderate. Although slaughter in 1932 was reduced slightly, declining consumer demand caused prices to fall. Improvement in demand awaits increased employment and consumer buying power.

Sheep numbers on January 1, 1933, have not been estimated as yet, but they were apparently smaller than on January 1, 1932. Such decrease as took place was in the number of lambs on feed for market and in breeding flocks in the Western States.

The number of lambs and sheep on feed for market January 1, 1933, was estimated at 5,239,000 head, a decrease of about 900,000 head or 15 per cent from the number on feed January 1, 1932, and the smallest number on feed January 1, since 1929. About two-thirds of the decrease (or 600,000 head) was in the number on feed in the Corn Belt States, with most of this in the area west of the Mississippi River. The decrease in the Western States, including Texas and North Dakota, was about 300,000 head. While there were decreases in nearly all of the Corn Belt States, the situation in the Western States was more varied with about half of them having decreases and the other half increases. The decrease in lamb feeding was due in part to the decrease in the lamb crop and in part to the larger proportion of the lambs marketed going to immediate slaughter during the period August to November, inclusive.

The lamb crop of 1932 was estimated at 29,717,000 head, a decrease of 2,650,000 head or 8 per cent from that of 1931 and a decrease of 1 per cent from that of 1930. This reduced crop was due to the sharp decrease in the number of lambs saved per 100 ewes on January 1, which was the smallest in the nine years for which estimates have been made. All of the decrease was in the Western sheep States, where the decrease in the lamb crop of 1932 was 12 per cent. The native lamb crop of 1932 was a little larger than that of 1931. The small lamb crop in the Western States was due to the very unfavorable weather at breeding time, the heavy losses of ewes in the late winter and early spring resulting from the severe weather and shortage of feed and rather heavy losses of young lambs in the early lambing areas.

Wool production is high both in the United States and foreign countries. The general business depression affected wool textile industries adversely, but since early summer wool consumption has increased. Although some of the increase has been lost in the United States, consumption is still well above the average rate for 1932. The improvement in domestic consumption has strengthened domestic wool prices. Unusually heavy offerings in foreign countries have been taken at stable prices.

POULTRY AND EGGS

Chicken and egg production in 1933 is expected to be somewhat larger than in 1932. With poultry feeds even cheaper than in the fall and early winter of 1931-32 and with egg prices considerably higher, the returns from egg production during those months were encouraging to producers. The number of layers in farm flocks on January 1 was slightly (2 to 3 per cent) larger than a year earlier and it seems

probable that the number of chickens hatched this year will be larger. More hens on farms and heavier spring hatchings in prospect may be expected to result in increased marketings of poultry this year.

The general level of prices for farm products is lower this year than last, which suggests that prices of eggs this year may also be lower. However, egg prices during the late winter and early spring will not be depressed by large storage stocks of shell eggs such as was the case well into March last year. It is unlikely that the eggs laid in February and March will exceed the large number laid in those months last year unless the unseasonably mild weather prevailing in January should continue.

Eggs stored in 1932 were sold at a profit and some increase in the stocks of eggs stored this spring is expected. The higher levels of egg prices received during the last half of 1932 are likely to stimulate hatchings in 1933 and thus also require a larger quantity of eggs for that purpose. It is doubtful, however, to what extent these increases will offset the effect of the probable increase in egg production after March. The combination of a moderate production and small storage stocks that resulted in the relatively high egg prices in the fall and winter of 1932-33 will probably not be repeated next fall and winter.

DAIRY PRODUCTS

The number of milk cows increased slightly during 1932, but because of a lower rate of production per cow, there was no increase over 1931 in total milk production. The number of yearling heifers is only slightly more than enough to cover normal replacements. With the number of cows on farms greater than ever before, and with the supply of feed grains the largest in the past 12 years, there is the possibility of a moderate increase in milk production in 1933.

A higher proportion of the total milk produced in 1932 was utilized on farms than in 1931, primarily because of the low returns from the sale of milk and cream. City consumption of milk and most manufactured dairy products declined further in 1932.

In the drastic decline of all prices throughout 1932, dairy products prices suffered relatively less than those of most other farm products, and farm prices of dairy products are still high in relation to the average of other farm products prices. Storage stocks of dairy products are very low. Foreign supplies of butter are likely to be large in 1933 but no significant import movement is to be expected.

Feed prices are very low in relation to dairy products prices; the price of cows as slaughter animals is so low as to offer no motive for severe culling of dairy herds; and farm income from all sources is so meager as to impel farmers to maintain or possibly increase their dairy output. The steady increase in milk cow numbers now in progress, which is likely to continue in 1933, although at a lower rate than in 1932, may gradually reduce the advantage of dairying as compared with other forms of agriculture.

MONEY INCOME OF FARMERS AND INDUSTRIAL WORKERS AND SELECTED RETAIL EXPENDITURES

In a recent issue of this publication ¹ there were presented data on trends in gross farm income and expenditures in which it was shown that the expenditures for such items as fertilizer, feed, farm wages, and machinery were directly dependent upon farm income. In another issue ² the postwar changes in farm income were discussed in relation to changes in domestic demand and financial conditions and to changes in foreign competition and demand.

PER CENT

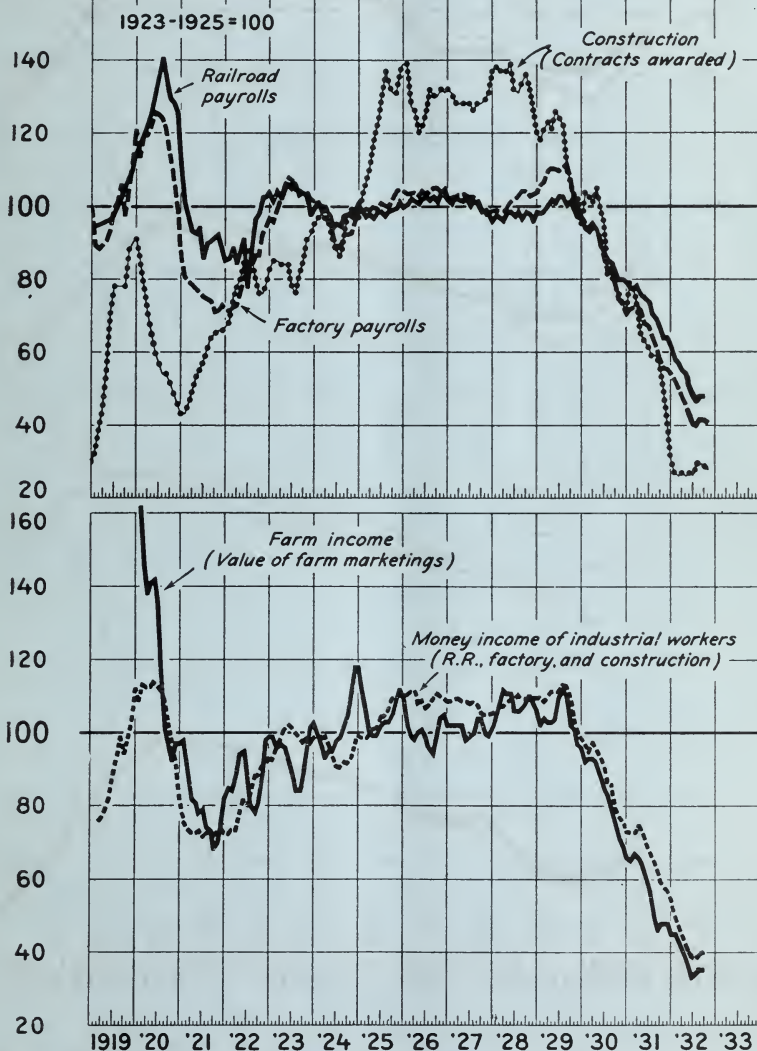


Figure 1.—MONEY INCOME OF INDUSTRIAL WORKERS AND FARM INCOME, 1919 TO DATE

¹ See "The Agricultural Situation," July, 1932.

² See "The Agricultural Situation," December, 1932.

In the following article are contained two additional sets of data which deal with (a) the monthly money incomes of certain groups of industrial consumers related to the monthly money income derived from farm marketings and (b) the income of all nonagricultural consumers related to their retail expenditures for selected food items.

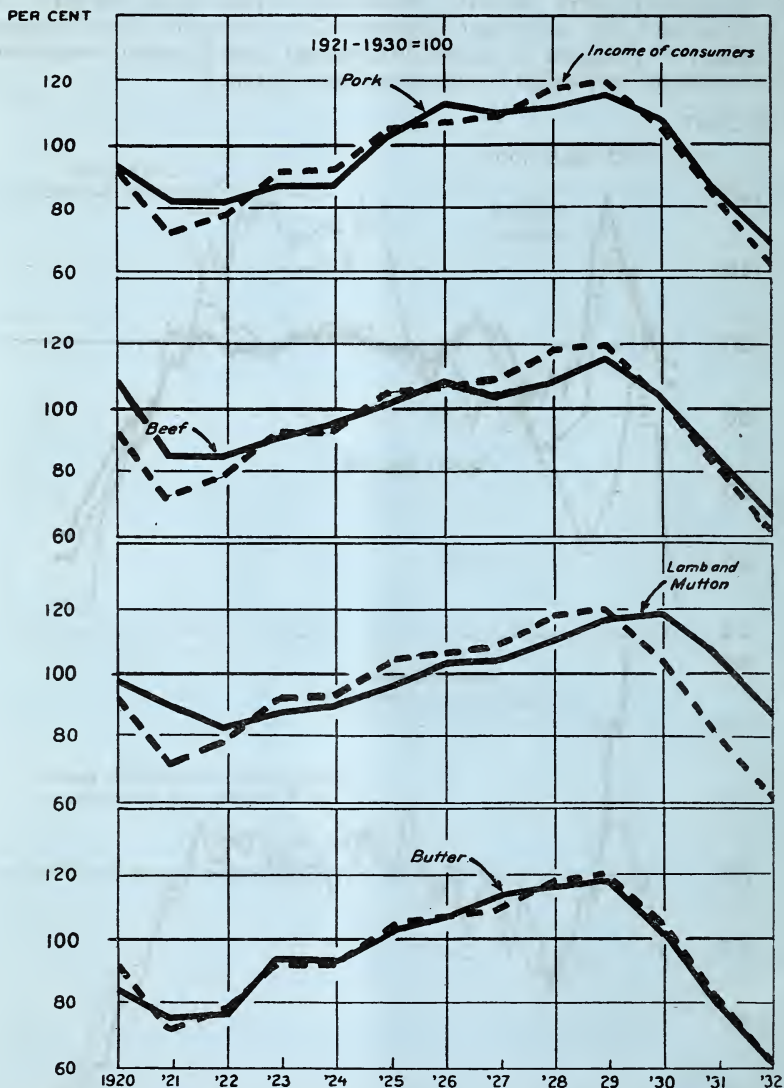


Figure 2.—INCOME OF NONAGRICULTURAL CONSUMERS COMPARED WITH RETAIL EXPENDITURES FOR SELECTED FOODS, UNITED STATES 1920-1932

The three groups of industrial workers considered in the first set of data (shown in Fig. 1) are those attached to the factories, railroads, and construction industries. According to estimates of the National Bureau of Economic Research, wages and salaries of individuals attached to manufacturing establishments in 1928 amounted to about \$14,500,000,000, of those attached to railroads \$3,100,000,000, and of those attached to construction industries \$3,500,000,000. These groups represented about 40 per cent of the total of all wages and salaries, amounting in that year to \$52,000,000,000. The current changes in the money income of factory employees are indicated in Figure 1 by an index of factory pay rolls published by the Federal Reserve Board. A similar index, computed by the Federal Reserve Board, derived from reports of the Interstate Commerce Commission, shows current changes in railroad pay rolls. For the construction industries there is no current index of workers' incomes, but inasmuch as wages form such a large and fairly stable proportion of the value of contracts awarded, the latter may be used in this connection as representing approximately the current flow of income to consumers attached to the construction industries.

From the showing in Figure 1 it appears that by the end of 1932 railroad and factory pay rolls had declined respectively to about 50 per cent and 40 per cent of their 1923-1925 levels, while construction contracts awarded in 37 States averaged only about 25 per cent of the 1923-1925 level. But the latter, judging from other available data for recent years, apparently overstates the decline in total construction expenditures, which in 1932 was probably about 40 per cent of the 1923-1925 average.

These three measures of industrial consumer's income when combined³ (see lower half of Fig. 1) show a level of income in the period 1926-1929 about 10 per cent higher than in 1923 with no marked upward trend during that period. Between 1929 and the end of 1932 there has occurred a decline from about 112 per cent to about 40 per cent of the 1923-1925 average or a total shrinkage of around 65 per cent, as a result of both complete and part-time employment and wage reductions as well. The decline since 1929 has been twice as great as that between 1920 and 1921.

The course of these combined industrial incomes bears a striking relation to the course of the money value of farm marketings, particularly from 1921 to date.⁴ During the last three years the changes in farm income have run parallel to those of industrial wage earners but on a somewhat lower level. Some marked differences, however, occurred in former years. Thus in 1920-21 the decline in farm income was an abrupt one, due chiefly to the course of price deflation which exceeded the decline in industrial wages and employment. The irregular variations in farm income during the 1921-1923 seasons largely reflected changes in prices of export commodities, particularly wheat. The much sharper rise in farm income in 1924-25 was produced chiefly by a wheat shortage outside the United States and a very active foreign demand for our surplus of wheat.

³ The weights applied to the three indexes: Factory pay rolls 4.0, railroad pay rolls 1.0, contracts awarded 1.5.

⁴ The index of value of farm marketings derived from an index of agricultural marketings and an index of prices received by farmers, both adjusted for seasonal.

While it may be inferred from this illustration, with some reason, that agricultural income failed to expand after 1925 because the incomes of these three industrial groups also showed no advance after 1925, it should be borne in mind that employment in other industries and the national income of all nonagricultural consumers continued to expand and that, as pointed out in the July, 1932, issue of this publication, farm income from livestock after 1925 continued to mount with the rising national income, while the income from crops affected by depressing influences of increased foreign competition tended downward.

The rather close dependence of farm income from livestock and livestock products, of which relatively little is exported, on the money incomes of domestic nonagricultural consumers is clearly suggested by the close correspondence that existed during the postwar period 1920-1932 between an index of the total income of such consumers and estimated total retail expenditures for the country as a whole for four selected items, pork, beef and veal, lamb and mutton, and butter.⁵ (See Fig. 2.) Between 1921 and 1929 the index of money incomes used in this illustration⁶ advanced about 60 per cent and between 1929 and 1932 had declined about 50 per cent to a level below that of 1921. Expenditures for butter for this 13-year period show practically the same change as those of this index of consumer incomes. The expenditures for the three meats, though corresponding in their changes to those of consumer incomes, show a somewhat smaller rise from 1921 to 1929 and a smaller decline since then, suggesting that as national income rose a somewhat smaller proportion of the consumer's income was spent for meats and a larger proportion for nonfood items—in this period for such items as automobiles, radios, etc.—and that as the national income declined after 1920 and 1929, expenditures for meats declined less than those for less essential commodities. In the case of lamb and mutton, it will be observed, expenditures reached their lowest level in 1922 and their highest in 1930, a year after the corresponding levels in consumer income.

L. H. BEAN,

Division of Statistical and Historical Research.

⁵ Expenditures for meat as computed by G. B. Thorne and Preston Richards and for butter by E. E. Vial.

⁶ This index is based on estimates of the United States Treasury of the total gross income of corporations which in 1921 amounted to \$95,300,000,000, \$158,600,000,000 in 1929, and \$107,000,000,000 in 1931. A further drop to about \$80,000,000,000 or somewhat less is indicated for 1932 by the course of industrial production, prices, and check payments. This series represents a wide variety of disbursements, actual and potential, for wages, materials, dividends, which may be considered in the nature of actual or potential incomes of wage earners, managers, owners, and bond and shareholders. The incomes of certain groups of consumers such as Government employees and professional groups are not, of course, reflected here. These annual gross receipts are much larger than the estimates of national income since the latter attempt to exclude duplications. This course of this income series from 1920 to 1931 corresponds very closely to the estimates of national income of the National Bureau of Economic Research, though in some years fluctuating somewhat more than the estimates of national income because the latter include evaluations of certain forms of income that are relatively stable. For 1921, the national income as estimated by the national bureau was \$63,700,000,000; for 1928, \$88,300,000,000, the latest estimate available. The course of the index in Fig. 2 indicates a national income for 1929 of about \$91,000,000,000, for 1931, \$67,000,000,000, and for 1932 somewhat under \$55,000,000,000.

PRICES OF FARM PRODUCTS

Estimates of average prices received by producers at local farm markets based on reports to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

| Product | 5-year average August, 1909- July, 1914 | Janu- ary average, 1910- 1914 | Janu- ary, 1932 | Decem- ber, 1932 | Janu- ary, 1933 |
|---|--|---|-----------------------|------------------------|-----------------------|
| Cotton, per pound....cents-- | 12. 4 | 12. 2 | 5. 6 | 5. 4 | 5. 6 |
| Corn, per bushel.....do---- | 64. 2 | 58. 9 | 33. 7 | 18. 8 | 19. 1 |
| Wheat, per bushel.....do---- | 88. 4 | 88. 4 | 44. 1 | 31. 6 | 32. 9 |
| Hay, per ton.....dollars-- | 11. 87 | 11. 87 | 8. 60 | 6. 14 | 6. 03 |
| Potatoes, per bushel....cents-- | 69. 7 | 64. 2 | 47. 1 | 36. 8 | 37. 4 |
| Oats, per bushel.....do---- | 39. 9 | 39. 0 | 22. 7 | 13. 0 | 13. 4 |
| Beef cattle, per 100 poundsdollars-- | 5. 20 | 5. 04 | 4. 29 | 3. 41 | 3. 28 |
| Hogs, per 100 pounds....do---- | 7. 24 | 7. 03 | 3. 76 | 2. 73 | 2. 68 |
| Eggs, per dozen.....cents-- | 21. 5 | 28. 0 | 17. 2 | 28. 1 | 21. 4 |
| Butter, per pound.....do---- | 25. 5 | 27. 8 | 26. 3 | 21. 3 | 20. 6 |
| Butterfat, per pound....do---- | 26. 3 | 29. 2 | 22. 8 | 21. 1 | 18. 9 |
| Wool, per pound.....do---- | 17. 8 | 18. 5 | 12. 5 | 9. 2 | 8. 9 |
| Veal calves, per 100 poundsdollars-- | 6. 75 | 6. 78 | 5. 62 | 4. 16 | 4. 12 |
| Lambs, per 100 poundsdo---- | 5. 90 | 5. 79 | 4. 43 | 3. 96 | 4. 09 |
| Horses, each.....do---- | 142. 00 | 139. 00 | 56. 00 | 56. 00 | 59. 00 |

COLD-STORAGE SITUATION

[Jan. 1 holdings, shows nearest millions, i. e., 000,000 omitted]

| Commodity | 5-year average | Year ago | Month ago | Jan. 1, 1933 |
|--|---------------------|----------------------|---------------------|---------------------|
| Apples, total.....barrels-- | ¹ 8, 696 | ¹ 10, 043 | ¹ 9, 811 | ¹ 8, 507 |
| Frozen and preserved fruitspounds-- | 69 | 92 | 80 | 75 |
| 40 per cent cream...40-quart cans-- | | ¹ 60 | ¹ 205 | ¹ 168 |
| Creamery butter.....pounds-- | 52 | 27 | 37 | 22 |
| American cheese.....do---- | 64 | 61 | 62 | 58 |
| Frozen eggs.....do---- | 64 | 79 | 64 | 55 |
| Shell eggs.....cases-- | ¹ 1, 274 | ¹ 1, 475 | ¹ 1, 199 | ¹ 159 |
| Total poultry.....pounds-- | 118 | 117 | 91 | 112 |
| Total beef.....do---- | 82 | 53 | 41 | 43 |
| Total pork.....do---- | 580 | 563 | 404 | 494 |
| Lard.....do---- | 65 | 51 | 30 | 40 |
| Lamb and mutton, frozen....do---- | 4 | 2 | 3 | 3 |
| Total meats.....do---- | 743 | 684 | 483 | 583 |

¹ 3 ciphers omitted.

GENERAL TREND OF PRICES AND WAGES

[1910-1914=100]

| Year and month | Wholesale prices of all commodities ¹ | Industrial wages ² | Prices paid by farmers for commodities used in— | | | Farm wages | Taxes ³ |
|----------------|--|-------------------------------|---|------------|-------------------|------------|--------------------|
| | | | Living | Production | Living-production | | |
| 1910 | 103 | ----- | 98 | 98 | 98 | 97 | ----- |
| 1911 | 95 | ----- | 100 | 103 | 101 | 97 | ----- |
| 1912 | 101 | ----- | 101 | 98 | 100 | 101 | ----- |
| 1913 | 102 | ----- | 100 | 102 | 100 | 104 | ----- |
| 1914 | 99 | ----- | 102 | 99 | 101 | 101 | 100 |
| 1915 | 102 | 101 | 107 | 103 | 106 | 102 | 102 |
| 1916 | 125 | 114 | 125 | 121 | 123 | 112 | 104 |
| 1917 | 172 | 129 | 148 | 152 | 150 | 140 | 106 |
| 1918 | 192 | 160 | 180 | 176 | 178 | 176 | 118 |
| 1919 | 202 | 185 | 214 | 192 | 205 | 206 | 130 |
| 1920 | 225 | 222 | 227 | 175 | 206 | 239 | 155 |
| 1921 | 142 | 203 | 165 | 142 | 156 | 150 | 217 |
| 1922 | 141 | 197 | 160 | 140 | 152 | 146 | 232 |
| 1923 | 147 | 214 | 161 | 142 | 153 | 166 | 246 |
| 1924 | 143 | 218 | 162 | 143 | 154 | 166 | 249 |
| 1925 | 151 | 223 | 165 | 149 | 159 | 168 | 250 |
| 1926 | 146 | 229 | 164 | 144 | 156 | 171 | 253 |
| 1927 | 139 | 231 | 161 | 144 | 154 | 170 | 258 |
| 1928 | 141 | 232 | 162 | 146 | 156 | 169 | 263 |
| 1929 | 139 | 236 | 160 | 146 | 155 | 170 | 267 |
| 1930 | 126 | 226 | 151 | 140 | 146 | 152 | 266 |
| 1931 | 107 | 207 | 129 | 122 | 126 | 116 | ----- |
| 1932 | 95 | 178 | ----- | ----- | ----- | 86 | ----- |
| December— | | | | | | | |
| 1921 | 136 | 196 | ----- | ----- | ----- | ----- | ----- |
| 1922 | 147 | 208 | ----- | ----- | ----- | ----- | ----- |
| 1923 | 143 | 220 | ----- | ----- | ----- | ----- | ----- |
| 1924 | 148 | 222 | ----- | ----- | ----- | ----- | ----- |
| 1925 | 151 | 229 | ----- | ----- | ----- | ----- | ----- |
| 1926 | 143 | 232 | 163 | 143 | 155 | ----- | ----- |
| 1927 | 141 | 233 | 161 | 142 | 153 | ----- | ----- |
| 1928 | 140 | 237 | 161 | 146 | 155 | ----- | ----- |
| 1929 | 136 | 234 | 160 | 145 | 154 | ----- | ----- |
| 1930 | 116 | 216 | 142 | 135 | 139 | ----- | ----- |
| 1931 | 100 | 194 | 121 | 116 | 119 | ----- | ----- |
| 1932 | | | | | | | |
| January | 98 | 191 | ----- | ----- | 118 | 98 | ----- |
| February | 97 | 189 | ----- | ----- | 116 | ----- | ----- |
| March | 96 | 189 | 115 | 112 | 114 | ----- | ----- |
| April | 96 | 183 | ----- | ----- | 113 | 94 | ----- |
| May | 94 | 177 | ----- | ----- | 112 | ----- | ----- |
| June | 93 | 174 | 111 | 109 | 110 | ----- | ----- |
| July | 94 | 171 | ----- | ----- | 109 | 87 | ----- |
| August | 95 | 173 | ----- | ----- | 108 | ----- | ----- |
| September | 95 | 177 | 109 | 106 | 108 | ----- | ----- |
| October | 94 | 177 | ----- | ----- | 107 | 84 | ----- |
| November | 93 | 171 | ----- | ----- | 106 | ----- | ----- |
| December | 91 | 170 | ----- | ----- | 106 | ----- | ----- |

¹ Bureau of Labor Statistics. Index obtained by dividing the new series 1926=100, by its pre-war average, 1910-1914, 68.5.² Average weekly earnings, New York State factories. June, 1914=100.³ Index of estimate of total taxes paid on all farm property, 1914=100.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909-July, 1914=100]

| Year and month | Index numbers of farm prices | | | | | | | Prices paid by farmers for commodities bought ¹ | Ratio of prices received to prices paid |
|----------------|------------------------------|-----------------------|------------------------|--------------|----------------|------------------|------------|--|---|
| | Grains | Fruits and vegetables | Cotton and cotton-seed | Meat animals | Dairy products | Poultry products | All groups | | |
| 1910----- | 104 | 91 | 113 | 103 | 100 | 104 | 103 | 98 | 106 |
| 1911----- | 96 | 106 | 101 | 87 | 97 | 91 | 95 | 101 | 93 |
| 1912----- | 106 | 110 | 87 | 95 | 103 | 101 | 99 | 100 | 99 |
| 1913----- | 92 | 92 | 97 | 108 | 100 | 101 | 100 | 100 | 99 |
| 1914----- | 103 | 100 | 85 | 112 | 100 | 105 | 102 | 101 | 101 |
| 1915----- | 120 | 83 | 78 | 104 | 98 | 103 | 100 | 106 | 95 |
| 1916----- | 126 | 123 | 119 | 120 | 102 | 116 | 117 | 123 | 95 |
| 1917----- | 217 | 202 | 187 | 173 | 125 | 157 | 176 | 150 | 118 |
| 1918----- | 226 | 162 | 245 | 202 | 152 | 185 | 200 | 178 | 112 |
| 1919----- | 231 | 189 | 247 | 206 | 173 | 206 | 209 | 205 | 102 |
| 1920----- | 231 | 249 | 248 | 173 | 188 | 222 | 205 | 206 | 99 |
| 1921----- | 112 | 148 | 101 | 108 | 148 | 161 | 116 | 156 | 75 |
| 1922----- | 105 | 152 | 156 | 113 | 134 | 139 | 124 | 152 | 81 |
| 1923----- | 114 | 136 | 216 | 106 | 148 | 145 | 135 | 153 | 88 |
| 1924----- | 129 | 124 | 211 | 109 | 134 | 147 | 134 | 154 | 87 |
| 1925----- | 156 | 160 | 177 | 139 | 137 | 161 | 147 | 159 | 92 |
| 1926----- | 129 | 189 | 122 | 146 | 136 | 156 | 136 | 156 | 87 |
| 1927----- | 128 | 155 | 128 | 139 | 138 | 141 | 131 | 154 | 85 |
| 1928----- | 130 | 146 | 152 | 150 | 140 | 150 | 139 | 156 | 90 |
| 1929----- | 121 | 136 | 145 | 156 | 140 | 159 | 138 | 155 | 89 |
| 1930----- | 100 | 158 | 102 | 134 | 123 | 126 | 117 | 146 | 80 |
| 1931----- | 63 | 98 | 63 | 93 | 94 | 96 | 80 | 126 | 63 |
| 1932----- | 44 | 71 | 46 | 63 | 70 | 80 | 57 | ----- | ----- |
| January----- | | | | | | | | | |
| 1921---- | 138 | 136 | 93 | 123 | 172 | 243 | 135 | ----- | ----- |
| 1922---- | 91 | 159 | 129 | 95 | 140 | 176 | 114 | ----- | ----- |
| 1923---- | 113 | 117 | 203 | 110 | 151 | 175 | 134 | 150 | 89 |
| 1924---- | 110 | 118 | 255 | 101 | 152 | 162 | 137 | 154 | 89 |
| 1925---- | 172 | 122 | 182 | 123 | 134 | 213 | 146 | 158 | 92 |
| 1926---- | 143 | 214 | 138 | 140 | 147 | 172 | 143 | 157 | 91 |
| 1927---- | 120 | 140 | 85 | 140 | 144 | 173 | 126 | 154 | 82 |
| 1928---- | 125 | 144 | 152 | 138 | 145 | 177 | 137 | 154 | 89 |
| 1929---- | 115 | 109 | 148 | 146 | 145 | 161 | 133 | 155 | 86 |
| 1930---- | 118 | 167 | 128 | 146 | 135 | 178 | 134 | 153 | 88 |
| 1931---- | 77 | 108 | 72 | 112 | 107 | 110 | 94 | 137 | 69 |
| 1932---- | 52 | 70 | 45 | 68 | 85 | 87 | 63 | 118 | 53 |
| 1932----- | | | | | | | | | |
| June----- | 44 | 82 | 37 | 57 | 62 | 59 | 52 | 110 | 48 |
| July----- | 42 | 83 | 41 | 72 | 63 | 65 | 57 | 109 | 53 |
| August----- | 43 | 79 | 51 | 69 | 65 | 75 | 59 | 108 | 54 |
| September---- | 41 | 68 | 57 | 67 | 67 | 84 | 59 | 108 | 55 |
| October----- | 36 | 59 | 51 | 60 | 68 | 102 | 56 | ² 107 | ² 52 |
| November---- | 34 | 57 | 47 | 57 | 68 | 115 | 54 | ² 106 | ² 51 |
| December---- | 33 | 59 | 43 | 52 | 69 | 121 | 52 | ² 106 | ² 50 |
| 1933----- | | | | | | | | | |
| January----- | 34 | 59 | 45 | 51 | 68 | 96 | 51 | ² 105 | ² 49 |

¹ These index numbers are based on retail prices paid by farmers for commodities used in living and production, reported quarterly for March, June, September, and December. The indexes for other months are straight interpolations between the successive quarterly indexes.

² Preliminary.

AGRICULTURAL LOANS OUTSTANDING ¹

| Year and month | Farm mortgage loans by— | | | | Federal intermediate credit bank loans | | Crop production loans ² |
|----------------|----------------------------|----------------------------|--------------------------------------|----------------------------|--|----------------------------|------------------------------------|
| | Federal land banks | Joint-stock land banks | Loans of 40 life insurance companies | Member banks | To cooperative associations | To financing agencies | |
| | <i>Millions of dollars</i> | <i>Millions of dollars</i> | <i>Millions of dollars</i> | <i>Millions of dollars</i> | <i>Millions of dollars</i> | <i>Millions of dollars</i> | <i>Millions of dollars</i> |
| 1926 ----- | 1, 078 | 632 | 1, 588 | 489 | 53 | 40 | ----- |
| 1927 ----- | 1, 156 | 667 | 1, 618 | 478 | 32 | 44 | ----- |
| 1928 ----- | 1, 194 | 605 | 1, 606 | 444 | 36 | 45 | ----- |
| 1929 ----- | 1, 197 | 585 | 1, 591 | 388 | 26 | 50 | ----- |
| 1930 ----- | 1, 188 | 553 | 1, 554 | 387 | 64 | 66 | ----- |
| 1931 ----- | 1, 163 | 530 | 1, 512 | ³ 359 | 45 | 75 | ----- |
| 1932 | | | | | | | |
| January --- | 1, 158 | 525 | 1, 512 | ----- | 43 | 75 | ----- |
| February -- | 1, 154 | 520 | 1, 506 | ----- | 40 | 74 | ----- |
| March ---- | 1, 150 | 513 | 1, 498 | ----- | 38 | 74 | 12 |
| April ----- | 1, 146 | 507 | 1, 487 | ----- | 36 | 78 | 57 |
| May ----- | 1, 143 | 490 | 1, 477 | ----- | 37 | 79 | 65 |
| June ----- | 1, 139 | 470 | 1, 467 | ³ 363 | 36 | 80 | 65 |
| July ----- | 1, 135 | 464 | 1, 459 | ----- | 36 | 81 | 64 |
| August ---- | 1, 132 | 460 | 1, 452 | ----- | 33 | 84 | 63 |
| September -- | 1, 129 | 454 | 1, 443 | 368 | 19 | 83 | 57 |
| October --- | 1, 125 | ⁴ 420 | 1, 433 | ----- | 16 | 82 | 52 |
| November -- | 1, 121 | ⁴ 415 | 1, 414 | ----- | 13 | 82 | 50 |
| December -- | 1, 116 | 409 | ----- | ----- | 10 | 83 | 47 |

¹ See April, 1932, issue for sources of data.² Reconstruction Finance Corporation.³ Revised.⁴ Does not include \$53,000,000 owed Sept. 30, to 3 banks placed in receivership during 1932.

The volume of farm mortgage loans held by leading agencies decreased further in December. The combined holdings of land banks and life insurance companies declined 7 per cent for the year 1932 as compared with 2 per cent for 1931 and 12 per cent since the peak year of 1928. Intermediate credit bank loans to cooperatives fell from \$43,000,000 to \$10,000,000 during the last year, largely due to liquidation of Farm Board stabilization holdings. Of the \$65,000,000 crop production loans of 1932, \$47,000,000 remained outstanding at the close of the year.

A new seed loan bill, carrying \$90,000,000 appropriations for 1933, has passed both houses of Congress. Measures designed to relieve farm debt distress are holding the leading place among proposed farm credit legislation.

DAVID L. WICKENS,
Division of Agricultural Finance.